BROADWAY'S REPLY TO ARCHWAY'S OMNIBUS EVIDENTIARY OBJECTIONS

WEINTRAUB ZOLKIN TALERICO & SELTH LLP 11766 WILSHIRE BLVD., SUITE 730 LOS ANGELES, CA 90025 Case 2:24-bk-12079-VZ Doc 435 Filed 02/18/25 Entered 02/18/25 22:36:11

By and through undersigned counsel, Debtor Broadway Avenue Investments, LLC ("Broadway") hereby submits the following reply in response to Archway Broadway Loan SPE, LLC's ("Archway") *Omnibus Evidentiary Objections to Declarations Submitted in Support of Motions of Debtor and Debtor in Possession Broadway Avenue Investments, LLC for Order Authorizing Debtor to Enter into Post-Petition Lease and Post-Petition DIP Financing* [Doc. No. 429-7].

### RESPONSES TO EVIDENTARY OBJECTIONS

I.

Statement	Objection	Response	
Alan D. Gomperts [Doc. No. 421-1]			
1. Gomperts Declaration ¶ 3, 4:16–17:  "VBH and Jack Stephens have the experience to operate a successful health care facility at the Property."	Lack of Foundation. Fed. R. Evid. 602.  The quoted testimony is speculative and lacks foundation.	Admissible per FRE 602. All that the Rule requires is evidence of the declarant's personal knowledge, which may be based on their own testimony. Paragraphs 1-3 of Mr. Gomperts' declaration establish his personal knowledge of the matters to which he is testifying.  Also admissible as a lay witness	
2. Gomperts Declaration ¶ 4, 4:21–23:	Lack of Foundation. Fed. R. Evid. 602.	opinion by FRE 701.  Admissible per FRE 602. All that the Rule requires is	
"If the Lease is approved, the Property-currently without any tenant - will be fully leased, and the rent generated by the Lease will allow Broadway to propose a plan to pay its creditors."	The quoted testimony is speculative and lacks foundation.	evidence of the declarant's personal knowledge, which may be based on their own testimony. Paragraphs 1-3 of Mr. Gomperts' declaration establish his personal knowledge of the matters to which he is testifying.	
		Also admissible as a lay witness opinion by FRE 701.	

Statement	Objection	Response	
3. Gomperts Declaration ¶ 5, 4:28–5:4:  "Based upon my intimate knowledge of the Property and working with Daniel Halevy, who is principally responsible for Property improvements and obtaining a certificate of occupancy, I anticipate a certificate of occupancy for the entire building at the Property will be in place within the first six months of the Lease, resulting in \$200,000 monthly lease payment obligations beginning in month seven of the Lease."	Lack of Foundation. Fed. R. Evid. 602.  The quoted testimony is speculative and lacks foundation.  Mr. Gomperts is also misconstruing the Lease, as it only requires rent payments to commence six months after a TCO/CO is obtained, not before.	Admissible per FRE 602. All that the Rule requires is evidence of the declarant's personal knowledge, which may be based on their own testimony. Paragraphs 1-3 of Mr. Gomperts' declaration establish his personal knowledge of the matters to which he is testifying.  Also admissible as a lay witness opinion by FRE 701.  Archway's argument that Mr. Gomperts' testimony misconstrues the Lease is not a proper evidentiary objection and does not cite to any authority.	
4. Gomperts Declaration ¶ 5, 4:28–5:4:  "Based upon my intimate knowledge of the Property and working with Daniel Halevy, who is principally responsible for Property improvements and obtaining a certificate of occupancy, I anticipate a certificate of occupancy for the entire building at the Property will be in place within the first six months of the Lease, resulting in \$200,000 monthly lease payment obligations beginning in month seven of the Lease."	Improper Lay Opinion (Fed. R. Evid. 701)  Mr. Gomperts is not testifying as an expert, but his testimony as to the timing of obtaining a CO is a conclusion, which is based on scientific, technical, and/or other specialized knowledge within the scope of Fed. R. Evid. 702.  Moreover, he has not established it is not helpful to understanding his testimony or of a fact in issue.  Therefore, Mr. Gomperts's testimony is inadmissible and should be stricken.	Admissible per FRE 701. Mr. Gomperts is offering his opinion as to the likelihood of obtaining a CO based on his own perception, as stated in this paragraph, not based on scientific, technical or other specialized knowledge.  The estimated timeline for obtaining a Certificate of Occupancy is helpful to determining a fact in issue, as obtaining a CO is a key part of Debtor's reorganization.	
5. Gomperts Declaration ¶ 5, 5:10:  "Traditional bank financing is not available for this loan."	Lack of Foundation. Fed. R. Evid. 602.  The quoted testimony is speculative and lacks foundation.	Admissible per FRE 602. All that the Rule requires is evidence of the declarant's personal knowledge, which may be based on their own testimony. Paragraphs 1-3 of Mr. Gomperts' declaration	

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Statement	Objection	Response
		establish his personal knowledge of the matters to which he is testifying.
		Also admissible as a lay witnes opinion by FRE 701.
6. Gomperts Declaration ¶ 5, 5:10–11:  "The terms for the Streit Loan are competitive for a loan on single asset real estate in bankruptcy."	Lack of Foundation. Fed. R. Evid. 602.  The quoted testimony is speculative and lacks foundation.	Admissible per FRE 602. All that the Rule requires is evidence of the declarant's personal knowledge, which make based on their own testimony. Paragraphs 1-3 of Mr. Gomperts' declaration establish his personal knowledge of the matters to which he is testifying.
		Also admissible as a lay witnes opinion by FRE 701.
7. Gomperts Declaration ¶ 5, 5:11–13:  "I have looked for financing that would not require priming the current first priority lien lender, but could not find any lender that would take a junior position on new money."	Lack of Foundation. Fed. R. Evid. 602.  The quoted testimony is speculative and lacks foundation.	Admissible per FRE 602. All that the Rule requires is evidence of the declarant's personal knowledge, which make be based on their own testimony. Paragraphs 1-3 of Mr. Gomperts' declaration establish his personal knowledge of the matters to which he is testifying.
	Daniel Halevy [Doc. No. 421-7	2]
8. Halevy Declaration ¶ 6, 8:14–15:  "All of the issues standing in the way of obtaining a certificate of occupancy have been addressed."	Lack of Foundation. Fed. R. Evid. 602.  The quoted testimony is speculative and lacks foundation.	Admissible per FRE 602. All that the Rule requires is evidence of the declarant's personal knowledge, which make based on their own testimony. Paragraph 1 of Mr. Halevy's declaration established his personal knowledge of the matters to which he is testifying.

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Statement	Objection	Response
9. Halevy Declaration ¶ 6, 8:15–16:  "The spreadsheet attached as Exhibit 1 identifies all of the remaining open permits for work needed to be completed for a certificate of occupancy."	Lack of Foundation. Fed. R. Evid. 602.  The quoted testimony is speculative and lacks foundation.	Admissible per FRE 602. All that the Rule requires is evidence of the declarant's personal knowledge, which may be based on their own testimony. Paragraph 1 of Mr. Halevy's declaration establishes his personal knowledge of the matters to which he is testifying.
10. Halevy Declaration: Exhibit 1.	Hearsay. Fed. R. Evid. 802.  The exhibit is an out of court statement offered for the truth of the matter asserted. It is hearsay and inadmissible. On February 7, 2025, Archway served a demand under Fed. R. Evid. 1006 for copies of the documents underling this summary of data. As of the signing of these Objections, no such production has been made and no arrangements for copying and/or inspection have been permitted, despite such demand.	Not hearsay by FRE 803(6). The chart in Exhibit 1 was prepared to record a regularly conducted activity, at or near the time it occurred, by someone with knowledge, and was prepared in the ordinary course of business.  Broadway served its Objection and Response to Archway's Fed. R. Evid. 1006 demand on February 12, 2025. Broadway's response preserved its objection that the exhibit is admissible as an FRE 803(6) business record, and is not an FRE 1006 summary of voluminous evidence for which it is required to produce underlying documents. However, as a professional courtesy and in the interest of full disclosure, Broadway produced the underlying documents to Archway on February 12, 2025.
11. Halevy Declaration ¶ 6, 8:16–17:  "All of these permits have either been closed or are scheduled for inspection in early February."	Lack of Foundation. Fed. R. Evid. 602.  The quoted testimony is speculative and lacks foundation.	Admissible per FRE 602. All that the Rule requires is evidence of the declarant's personal knowledge, which may be based on their own testimony. Paragraph 1 of Mr. Halevy's declaration establishes his personal knowledge of the

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Statement	Objection	Response
		matters to which he is testifying.
12. Halevy Declaration ¶ 6, 8:17–19:  "I am also scheduling fire alarm and backup generator inspections with LAFD for early February after which we will be ready for a final building walk-through for a certificate of occupancy."	Lack of Foundation. Fed. R. Evid. 602.  The quoted testimony is speculative and lacks foundation.	Admissible per FRE 602. All that the Rule requires is evidence of the declarant's personal knowledge, which may be based on their own testimony. Paragraph 1 of Mr. Halevy's declaration establishes his personal knowledge of the matters to which he is testifying.  Also admissible as a lay witness opinion by FRE 701.
13. Halevy Declaration ¶ 6, 8:19–21:  "Even if some final items are identified for repair or change I have no reason to believe it would result in any significant delay in obtaining the certificate of occupancy."	foundation.	Admissible per FRE 602. All that the Rule requires is evidence of the declarant's personal knowledge, which may be based on their own testimony. Paragraph 1 of Mr. Halevy's declaration establishes his personal knowledge of the matters to which he is testifying.  Also admissible as a lay witness opinion by FRE 701.
14. Halevy Declaration ¶ 6, 8:19–21:  "Even if some final items are identified for repair or change I have no reason to believe it would result in any significant delay in obtaining the certificate of occupancy."	testimony as to the timing of	Admissible per FRE 701. Mr. Halevy is offering his opinion as to the likelihood of obtaining a CO based on his own perception, not based on scientific, technical or other specialized knowledge. Mr. Halevy's foundation for this opinion is outlined in paragraphs 1, 5, and 6 of his declaration.  The estimated timeline for obtaining a Certificate of Occupancy is helpful to determining a fact in issue, as

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Statement	Objection	Response
	testimony is inadmissible and should be stricken.	obtaining a CO is a key part of Debtor's reorganization.
Ch	ristopher Maling [Doc. No. 42	21-3]
15. Maling Declaration ¶ 3, 12:17–19:  "I understand all the improvements that have been made to seek approval from the City of Los Angeles for the Certificate of Occupancy."	Lack of Foundation. Fed. R. Evid. 602.  The quoted testimony is speculative and lacks foundation.	Admissible per FRE 602. All that the Rule requires is evidence of the declarant's personal knowledge, which make based on their own testimony. Paragraphs 1-3 of Mr. Maling's declaration establish his personal knowledge of the matters to which he is testifying.
16. Maling Declaration ¶ 4, 12:20–21:  "Based on the as is condition of the property, the current value for the property as a vacant structure is \$8,325,000 which equates to \$111.00/sq. ft."	Lack of Foundation. Fed. R. Evid. 602.  The quoted testimony is speculative and lacks foundation.	Admissible per FRE 602. All that the Rule requires is evidence of the declarant's personal knowledge, which make based on their own testimony. Paragraphs 1-3 of Mr. Maling's declaration establish his personal knowledge of the matters to which he is testifying.  Also admissible as a lay witne opinion by FRE 701.
17. Maling Declaration ¶ 4, 12:20–21:  "Based on the as is condition of the property, the current value for the property as a vacant structure is \$8,325,000 which equates to \$111.00/sq. ft."	Improper Testimony. Fed. R. Evid 701.  Mr. Maling is not a licensed real estate appraiser, and he does not establish that his opinions of value are based on the application of appropriate principles and methods, including USPAP.	Admissible per FRE 701.  Mr. Maling is offering his opinion as to the value of the property based on his own perception, and his foundation for this opinion is outlined in paragraphs 1-3 of his declaration, and his CV, which is attached as Exhibit 1.  Alternatively, admissible per FRE 702 as an expert opinion. Mr. Maling has specialized knowledge and expertise, as shown by his CV attached as

Statement	Objection	Response
		offer an opinion on the value of real estate.
18. Maling Declaration ¶ 4, 12:20–23:  "In the event the court approves of the material terms of the proposed lease and the proposed financing and if the loan is made and the lease is executed by a tenant with the financial ability to perform on the lease, the estimate the value of the Property will be \$17,000,000."	Lack of Foundation. Fed. R. Evid. 602.  The quoted testimony is speculative and lacks foundation	Admissible per FRE 602. All that the Rule requires is evidence of the declarant's personal knowledge, which may be based on their own testimony. Paragraphs 1-3 of Mr. Maling's declaration establish his personal knowledge of the matters to which he is testifying.  Also admissible as a lay witness opinion by FRE 701.
19. Maling Declaration ¶ 4, 12:20–23:  "In the event the court approves of the material terms of the proposed lease and the proposed financing and if the loan is made and the lease is executed by a tenant with the financial ability to perform on the lease, the estimate the value of the Property will be \$17,000,000."	Improper Testimony. Fed. R. Evid 701.  Mr. Maling is not a licensed real estate appraiser, and he does not establish that his opinions of value are based on the application of appropriate principles and methods, including USPAP.	Admissible per FRE 701.  Mr. Maling is offering his opinion as to the value of the property based on his own perception, and his foundation for this opinion is outlined in paragraphs 1-3 of his declaration, and his CV, which is attached as Exhibit 1.  Alternatively, admissible per FRE 702 as an expert opinion. Mr. Maling has specialized knowledge and expertise, as shown by his CV attached as Exhibit 1, which enable him to offer an opinion on the value of real estate.
20. Maling Declaration ¶ 6, 12:27–28: "In two years once the property is fully stabilized I estimate the value of the Property will be \$27,500,000."	Lack of Foundation. Fed. R. Evid. 602.  The quoted testimony is speculative and lacks foundation.	Admissible per FRE 602. All that the Rule requires is evidence of the declarant's personal knowledge, which may be based on their own testimony. Paragraphs 1-3 of Mr. Maling's declaration establish his personal knowledge of the matters to which he is testifying.

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Statement	Objection	Response
		Also admissible as a lay with opinion by FRE 701.
21. Maling Declaration ¶ 6, 12:27–28:  "In two years once the property is fully stabilized I estimate the value of the Property will be \$27,500,000."	Improper Testimony. Fed. R. Evid 701.  Mr. Maling is not a licensed real estate appraiser, and he does not establish that his opinions of value are based on the application of appropriate principles and methods, including USPAP.	Admissible per FRE 701.  Mr. Maling is offering his opinion as to the value of the property based on his own perception, and his foundation for this opinion is outlined in paragraphs 1-3 of his declaration, and his CV, which is attached as Exhibit 1.  Alternatively, admissible per FRE 702 as an expert opinion Mr. Maling has specialized knowledge and expertise, as shown by his CV attached as Exhibit 1, which enable him to offer an opinion on the value real estate.
	Jack Stephens [Doc. No. 421-4	
22. Stephens Declaration: Exhibit 2.	Hearsay. Fed. R. Evid. 802.  The Valuation is an out of court statement being offered for the truth of the matter asserted. No exception to the hearsay prohibition is applicable. The Court should exclude and strike the entire exhibit.	Not hearsay per FRE 803(6). The valuation document is a business record, prepared in tordinary course of business. Mr. Stephens' declaration, at paragraphs 1 and 5, establishes sufficient foundation for admission.
23. Stephens Declaration ¶ 5, 18:23–24:  "VBH understands the financial obligations of the Lease and will be able to fulfil its rent obligations should the court approve the Lease."	Lack of Foundation. Fed. R. Evid. 602.  The quoted testimony is speculative and lacks foundation.	Admissible per FRE 602. All that the Rule requires is evidence of the declarant's personal knowledge, which me be based on their own testimony. Paragraphs 1-3 of Mr. Stephens' declaration establish his personal knowledge of the matters to

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Statement	Objection	Response
		Also admissible as a lay witness
		opinion by FRE 701.
ated: February 18, 2025	WEINTRAUB ZO	LKIN TALERICO & SELTH LLP
	By: <u>/s/ Derrick T</u> Derrick Tale	<i>Talerico</i> erico
	Paige T. Rol	lfe Broadway Avenue Investments, LLC
	Counsel to Destor I	From the fire summer, EBC

#### PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is: 11766 Wilshire Blvd, Suite 730, Los Angeles, CA 90025

A true and correct copy of the foregoing document entitled (*specify*): <u>BROADWAY AVENUE INVESTMENTS, LLC'S REPLY TO ARCHWAY BROADWAY LOAN SPE, LLC'S OMNIBUS EVIDENTIARY OBJECTIONS TO DECLARATIONS SUBMITTED IN SUPPORT OF BROADWAY'S MOTIONS TO AUTHORIZE POST-PETITION LEASE AND POST-PETITION FINANCING will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:</u>

AND POST-PETITION F required by LBR 5005-2			n the judge in chambers in the form and manner
Orders and LBR, the for February 18, 2025, I che	egoing document will lecked the CM/ECF do	be served by the court vic cket for this bankruptcy c	FILING (NEF): Pursuant to controlling General a NEF and hyperlink to the document. On (date) ase or adversary proceeding and determined that NEF transmission at the email addresses stated
See attached NEF Servi	ce List		
			Service information continued on attached page
or adversary proceeding	served the following p by placing a true and and addressed as follo	correct copy thereof in a ows. Listing the judge her	the last known addresses in this bankruptcy case is sealed envelope in the United States mail, first re constitutes a declaration that mailing to the judge
			Service information continued on attached page
for each person or entity the following persons an such service method), b	<ul><li>served): Pursuant to d/or entities by persor y facsimile transmission</li></ul>	F.R.Civ.P. 5 and/or cont nal delivery, overnight ma on and/or email as follows	MILE TRANSMISSION OR EMAIL (state method rolling LBR, on (date) February 18, 2025, I served all service, or (for those who consented in writing to s. Listing the judge here constitutes a declaration ted no later than 24 hours after the document is
The Honorable Vincent 2 United States Bankrupto 255 E Temple St Suite 1 Los Angeles, CA 90012	y Court	(via Priority Mail)	
			Service information continued on attached page
declare under penalty of	of perjury under the law	ws of the United States th	nat the foregoing is true and correct.
February 18, 2025	Martha E. Araki		/s/ Martha E. Araki
Date	Printed Name		Signature

This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.

Seaton Investments, LLC - Jointly Administered

### 1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):

- Attorneys for Corporate Debtors Seaton Investment, LLC, Colyton Investments, LLC, Broadway Avenue Investments, <u>LLC, Negev Investments, LLC, SLA Investments, LCC.</u>: **Derrick Talerico**: dtalerico@wztslaw.com; maraki@wztslaw.com; sfritz@wztslaw.com; admin@wztslaw.com
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- US Trustee's Office: ustpregion16.la.ecf@usdoj.gov; Kelly L. Morrison: Kelly.l.morrison@usdoj.gov